

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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NIC-01 /091 W

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R 031521Z APR 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 396

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L ROME 4813

E.O. 11652: GDS

TAGS: EIND, UR, IT

SUBJECT: VISIT OF SOVIET VICE TRADE MINISTER KOMAROV TO ITALY

REF: A. ROME 6814, JULY 13, 1973;

B. ROME 6874, MAY 20, 1974;

C. ROME 10660, AUG. 21, 1974;

D. ROME 761, JAN. 17, 1975

SUMMARY: SOVIET VICE MINISTER OF FOREIGN TRADE KOMAROV VISITED ITALY MARCH 5-12 TO SEEK THAW OF ITALIAN CREDITS TO THE USSR. ITALIANS AGREED IN PRINCIPLE TO GRANT CREDITS PERMITTING IMPLEMENTATION OF CERTAIN OUTSTANDING ITALIAN-SOVIET CONTRACTS BUT ACTUAL TERMS TO BE WORKED OUT AND DISCUSSED FURTHER DURING FIRST WEEK OF APRIL. END SUMMARY.

1. SOVIET VICE MINISTER OF FOREIGN TRADE NICOLAI KOMAROV VISITED ITALY MARCH 5-12. ITALIAN PRESS ANNOUNCED THAT PURPOSE OF VISIT WAS TO FIND MEANS, GIVEN CURRENT ITALIAN CREDIT RESTRICTIONS, OF IMPLEMENTING THE TEN YEAR ITALIAN SOVIET FRAMEWORK AGREEMENT ON ECONOMIC, INDUSTRIAL, AND TECHNICAL  
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COOPERATION INITIALLED IN APRIL 1973. ACCORDING TO MFA

SOURCES, KOMAROV CAME SPECIFICALLY TO SEEK THAWING OF CREDITS NECESSARY FOR THE CONSTRUCTION OF SEVERAL PLANTS IN THE USSR BY THE ITALIAN FIRMS MONTEDISON AND ENI. COMMENT: THE AGREEMENT FOR THE MONTEDISON PLANTS (SEVEN IN ALL) WAS NEGOTIATED IN JULY 1973 (REF A) AND THE AGREEMENT FOR THE ENI PLANTS (SIX IN ALL) WAS NEGOTIATED IN MAY 1974 (REF B). BOTH AGREEMENTS WERE ANNOUNCED BY THE PRESS AS BEING WITHIN THE FRAMEWORK OF THE ITALIAN-SOVIET COOPERATION AGREEMENT WHICH, ALTHOUGH NEGOTIATED AND INITIALED IN APRIL 1973, WAS NOT ACTUALLY SIGNED UNTIL JULY 1974 (REF C). KOMAROV'S VISIT HAD BEEN PRECEDED BY THAT OF SOVIET VICE MINISTER OF FOREIGN TRADE ALKIMOV WHO IN MID-JANUARY PERSUADED GOI TO GRANT CREDITS FOR THE ITALIAN SALE TO THE USSR OF \$1.5 MILLION OF LARGE DIAMETER STEEL PIPES (REF D).

2. DURING HIS VISIT KOMAROV MET WITH ITALIAN MINISTER OF FOREIGN TRADE DE MITA, MINISTER OF TREASURY COLOMBO, UNDERSECRETARY OF FOREIGN AFFAIRS CATTANEI, AND THE DIRECTOR OF MONTEDISON CEFIS AND OF ANI GIRETTI. KOMAROV ALSO MET WITH CAMILLO CROCIANI, THE DIRECTOR OF THE STATE FIRM FINMECCANICA TO DISCUSS, IN GENERAL TERMS, THE POSSIBILITY OF THE CONSTRUCTION OF AN ITALIAN AUTOMOBILE PLANT IN THE USSR BY FINMECCANICA'S SUBSIDIARY ALFA ROMEO.

3. THE MFA OFFICER RESPONSIBLE FOR EAST-WEST ECONOMIC MATTERS (REITANO) TOLD EMBOFF THAT IN PRESSING FOR A THAW OF ITALIAN CREDITS, KOMAROV POINTED OUT THAT WHILE ITALY'S TRADE WITH THE USSR HAS REACHED AN ANNUAL TOTAL OF ALMOST \$1.5 BILLION (AT 650 LIRE TO \$1), ITALY'S DEFICIT IN THIS TRADE WAS \$185 MILLION. IF ITALY AND THE SOVIET UNION ARE TO ENJOY A FURTHER GROWTH OF TRADE VOLUME, ITALY MUST REDUCE ITS DEFICIT BY ALLOWING THE IMPLEMENTATION OF THE SEVERAL AGREEMENTS CURRENTLY PENDING FOR THE CONSTRUCTION OF PLANTS IN THE USSR. COMMENT: ITALY'S TRADE DEFICIT WITH THE USSR REPRESENTS UT 0/0 OF ITS TOTAL TRADE DEFICIT WITH EASTERN EUROPE AND USSR COMBINED.

4. ACCORDING TO REITANO THE ITALIANS AGREED IN PRINCIPLE TO GRANT CREDITS BUT ONLY FOR THOSE PLANTS FOR WHICH A FINAL AGREEMENT ON SPECIFICATIONS AND COSTS HAD BEEN REACHED. THESE ARE TWO CHLOROFLUOREMETHANE PLANTS, VALUED AT \$80 MILLION, TO

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BE BUILT BY THE TECNIMONT DIVISION OF MONTEDISCO, AND TWO CHEMICAL FERTILIZER PLANTS, VALUED AT \$150 MILLION, TO BE BUILT BY THE SNAM PROGETTI DIVISION OF ENI.

5. THE ITALIANS TOLD KOMAROV THAT THEY WERE UNABLE TO COMMIT THEMSELVES TO SPECIFIC CREDIT TERMS WITHOUT A WORKING LEVEL STUDY AT THE VARIOUS MINISTRIES INVOLVED. ACCRODINGLY IT WAS AGREED THAT MFA DIRECTOR GENERAL OF ECONOMIC AFFAIRS

GUAZZARONI WOULD LEAD AN ITALIAN DELEGATION TO MOSCOW LATER WITH SPECIFIC ITALIAN PROPOSALS. REITANO TOLD EMBOFF THAT TRIP CURRENTLY SCHEDULED FOR APRIL 2-10.

6. ACCORDING TO REITANO, THE SOVIETS CONSIDERED KOMAROV'S VISIT TO BE A NECESSARY PRELUDE TO THE ANNUAL MEETING OF THE ITALIAN-SOVIET MIXED COMMISSION ON ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION WHICH THIS YEAR IS TO BE HELD IN ROME. NO DATE HAS YET BEEN SET FOR THIS YEAR'S MEETING OF THE COMMISSION WHICH, WHEN IT DOES MEET, WILL OUTLINE AREAS OF COOPERATION AND WILL CONVENE VARIOUS WORKING GROUPS OF ITALIAN BUSINESSMEN AND SOVIET TRADE OFFICIALS TO NEGOTIATE SPECIFIC PROJECTS. REITANO SAID THAT THE SOVIETS HAVE RESISTED FIXING A DATE UNTIL THE GOI PROPOSES AN ACCEPTABLE SOLUTION TO THE CREDIT PROBLEM.  
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